MINISTRY OF JUSTICE AND ATTORNEY GENERAL

VICTIMS' FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2012

PROVINCIAL AUDITOR
of Saskatchewan

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Ministry of Justice and Attorney General – Victims' Fund, which comprise the statement of financial position as at March 31, 2012, and the statement of operations, statement of changes in net financial assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Ministry of Justice and Attorney General – Victims' Fund as at March 31, 2012, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Regina, Saskatchewan
July 13, 2012

Bonnie Lysyk, MBA, CA
Provincial Auditor

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MINISTRY OF JUSTICE AND ATTORNEY GENERAL
VICTIMS' FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	2012	2011
Financial assets		
Due from General Revenue Fund (Note 6)	$ 8,297,500	$ 7,022,156
Accounts receivable (Note 7)	2,548,238	2,040,681
Due from Public Guardian and Trustee (Note 8)	916,689	872,029
Total financial assets	11,762,427	9,934,866
Liabilities		
Accounts payable	139,254	147,661
Employee leave entitlement	49,532	44,857
Deferred revenue (Notes 2b and 10)	0	882,225
Total liabilities	188,786	1,074,743
Net financial assets	11,573,641	8,860,123
Non-financial assets		
Tangible capital assets (Notes 2d and 4)	111,903	85,300
Accumulated surplus	$ 11,685,544	$ 8,945,423

Commitments (Note 11)

(See accompanying notes to the financial statements)

MINISTRY OF JUSTICE AND ATTORNEY GENERAL
VICTIMS' FUND
STATEMENT OF OPERATIONS
For the Year Ended March 31

	Budget 2012 (Note 12)	Actual 2012	Actual 2011
Revenue:			
Surcharge revenue	$ 5,000,000	$ 7,775,182	$ 7,096,283
Grant – Ministry of Justice and Attorney General (Note 9)	230,000	317,000	230,000
Investment income (Note 8)	0	116,061	97,384
Proceeds of Crime (Notes 2b and 10)	0	1,318,969	25,000
Federal Cost Sharing revenue		251,100	147,699
Other	0	39,418	2,475
Total revenue	5,230,000	9,817,730	7,598,841
Expense:			
Administration costs	750,000	924,389	681,242
Bad Debt	0	449,497	349,197
Crime Prevention Grants	300,000	330,300	325,400
Crisis intervention services	3,271,000	3,119,403	3,088,182
Court based programs	396,000	403,039	399,260
Compensation payments	594,000	379,319	367,427
Domestic Violence Courts	402,000	399,238	407,018
Proceeds of Crime	0	0	25,000
Restitution program	336,000	189,665	162,141
Research, evaluation and prevention	556,000	722,388	626,035
Education and training	114,000	160,371	76,809
Total expense (Schedule 1)	6,719,000	7,077,609	6,507,711
Surplus for the year	$ (1,489,000)	2,740,121	1,091,130
Accumulated surplus, beginning of year		8,945,423	7,854,293
Accumulated surplus, end of year		$ 11,685,544	$ 8,945,423

(See accompanying notes to the financial statements)

MINISTRY OF JUSTICE AND ATTORNEY GENERAL
VICTIMS' FUND
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the Year Ended March 31

	2012	2011
Surplus for the year	$ 2,740,121	$ 1,091,130
Acquisition of tangible capital assets	(40,653)	(54,215)
Amortization of tangible capital assets	14,050	9,985
	(26,603)	(44,230)
Increase in net financial assets	2,713,518	1,046,900
Net financial assets, beginning of year	8,860,123	7,813,223
Net financial assets, end of year	$ 11,573,641	$ 8,860,123

(See accompanying notes to the financial statements)

MINISTRY OF JUSTICE AND ATTORNEY GENERAL
VICTIMS' FUND
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	2012	2011
Operating activities		
Cash received from:		
Surcharge	$ 6,936,191	$ 6,529,971
Interest	71,401	47,735
Other	970,861	1,028,654
	7,978,453	7,606,360
Cash paid for:		
Salaries	1,182,806	1,084,104
Other	5,434,990	5,007,395
	6,617,796	6,091,499
Cash provided by operating activities	1,360,657	1,514,861
Capital activities		
Purchase of tangible capital assets	(40,653)	(54,215)
Investing activities		
Purchase of investments through Public Guardian and Trustee	(44,660)	(49,649)
Increase in cash and cash equivalents	1,275,344	1,410,997
Due from General Revenue Fund, beginning of year	7,022,156	5,611,159
Due from General Revenue Fund, end of year	$ 8,297,500	$ 7,022,156

(See accompanying notes to the financial statements)

MINISTRY OF JUSTICE AND ATTORNEY GENERAL
VICTIMS' FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2012

1. Authority

The Victims' Fund (Fund) was established by *The Victims of Crime Act*, and continues under the authority of *The Victims of Crime Act, 1995* (Act). The Fund receives all provincial and federal fine surcharges assessed under the Act and under the *Criminal Code of Canada*. The Ministry of Justice and Attorney General collects surcharges on behalf of the Fund. The Act permits expenditures from the Fund to promote and deliver services and benefits to victims; conduct research and distribute information respecting victims' services, needs and concerns; and for crime prevention and administration.

2. Significant Accounting Policies

Pursuant to standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, the Fund is classified as an other government organization. The fund uses Canadian generally accepted accounting principles applicable to the public sector. The following accounting policies are considered to be significant.

a) Basis of accounting

The financial statements are prepared on the accrual basis of accounting.

b) Revenue

i) Surcharge and other sources

Surcharges are recorded as revenue when imposed. Other sources of revenue are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Valuation allowance for the imposed surcharges is calculated based on past history.

ii) Proceeds of Crime revenue

Effective April 1, 2011, the Fund early adopted PS 3410, Government Transfers on a prospective basis without restatement of the 2011 comparative figures.

The early adoption of PS 3410 Government Transfers required that government transfers (proceeds of crime revenue) be assessed to determine if they meet the requirements for deferral. If the transfers do not meet the deferral requirements, they are recorded as revenue when the transfers are authorized and all eligibility criteria have been met. Previously, these government transfers had been deferred and recognized as revenue when related expenses were incurred. For

comparative purposes, the impact to the Fund as at April 1, 2011, because of this change, is a decrease to deferred revenue of $882,225 and equivalent increase to proceeds of crime revenue.

iii) Federal cost sharing revenue

From time to time, the Fund makes cost sharing agreements with the Federal government to provide enhancements to victims' programs in Saskatchewan. In accordance with the agreements, the Fund recognizes revenue when the related expenses are incurred.

c) Community grants expense

Grants are expensed when approved and the recipient has met eligibility criteria.

d) Tangible capital assets

Tangible capital assets are recorded at cost and are amortized on a straight-line basis over the assets useful life of 10 years.

e) Use of estimates

These statements are prepared in accordance with Canadian generally accepted accounting principles. These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Differences are reflected in the period when they are identified.

The allowance for doubtful accounts on the surcharge receivable is the most significant estimate in the financial statements (see note 7).

3. Financial Instruments

The Fund has the following financial instruments:
- due from General Revenue Fund,
- due from Public Guardian and Trustee (PGT),
- accounts receivable,
- accounts payable.

The following paragraphs provide information about the risks associated with these financial instruments and the fair values of those instruments.

a) Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes on cash flows, financial position and income.

The Fund is exposed to interest rate risk as the value of its financial instruments fluctuates due to changes in market interest rates.

The Fund's cash is held in the General Revenue Fund (a related party) and interest is paid at standard rates paid by the Government of Saskatchewan (see Note 6).

As market interest rates fluctuate, the market value of the Fund's investments held with PGT moves in the opposite direction. This risk may affect the price the Fund could get for the investments prior to maturity. To mitigate this risk PGT works with an investment advisor that actively manages asset class allocations through a balanced approach.

The Fund's receivables and payables are non-interest bearing and as a result there is no interest rate risk associated with these financial instruments.

b) Credit risk

The Fund is exposed to credit risk from potential non-payment of amounts due from General Revenue Fund (GRF), accounts receivable and due from PGT. Because both GRF and PGT are related parties the Fund's credit risk is minimal.

The Fund's accounts receivable arise from fine surcharges assessed against individuals. Credit risk associated with accounts receivable relates to unpaid fine surcharges. The amount of fine surcharges which will eventually be collected is difficult to measure. The amount at which accounts receivable are stated in the financial statements is an estimate of fine surcharges which will be collected, based on the Fund's past experience.

c) Fair value

For the following instruments, the fair values approximate their carrying value due to their immediate or short-term nature:

Due from General Revenue Fund
Accounts receivable
Accounts payable

The fair value of due from PGT at March 31, 2012 approximates its carrying value as the amount reflects market values of the underlying investments (see Note 8).

4. Tangible Capital Assets

	2012	2011
Opening costs of tangible capital assets	$ 99,848	$ 45,633
Disposal of tangible capital assets	-	-
Additions during the year	40,653	54,215
Closing costs of tangible capital assets	140,501	99,848
Opening accumulated amortization	14,548	4,563
Disposal of tangible capital assets	-	-
Annual amortization	14,050	9,985
Closing accumulated amortization	28,598	14,548
Net book value of tangible capital assets	$111,903	$ 85,300

Tangible capital assets consist of audio/visual equipment.

Annual amortization is included in administration costs in the Statement of Operations.

5. Related Parties

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Fund by virtue of common control by the Government of Saskatchewan, and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties"). During the year, the Fund received certain administrative services from the Ministry of Justice and Attorney General and the Ministry of Finance without charge.

In accordance with established government policy, the Fund has not been charged with certain costs including occupancy, financing, use of certain tangible capital assets and certain administrative costs. These costs have been absorbed by various ministerial appropriations and therefore no provision for such costs is reflected in these financial statements.

Amounts paid to related parties in the 2011-12 fiscal year consists of the following:

SaskTel	$ 19,500
Ministry of Government Services	43,448
Saskatchewan Government Insurance	1,079
Saskatchewan Institute of Applied Science & Technology	23,570
Information Technology Office	146,249
	$233,846

Other transactions with related parties and amounts due to or from them are described separately in the financial statements and related notes.

6. Due from General Revenue Fund

The monies of the Fund are deposited in the General Revenue Fund.

The Fund's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis to the Fund using the Government's thirty day borrowing rate and the Fund's average daily bank account balance. The Government's average 30 day borrowing rate in 2012 was 1.05% (2011 – 0.80%).

7. Accounts Receivable

This amount represents surcharges due to the Fund on account of fines levied against, but not yet paid, by individuals, and miscellaneous receivables. The balance at March 31 consists of:

	2012	2011
Total Surcharge receivable	$ 8,625,004	$ 7,786,012
Allowance for Doubtful Accounts	(6,436,890)	(5,987,393)
Net Surcharge Receivable	2,188,114	1,798,619
Federal/Provincial Cost Sharing Agreement receivable	341,822	225,573
Other accounts receivable	18,302	16,489
Total accounts receivable	$ 2,548,238	$ 2,040,681

8. Due from Public Guardian and Trustee

The Fund invests a portion of its surplus funds through PGT. PGT invests these monies, together with monies it administers for its other clients. PGT allocates income earned together with part of the changes in market values of investments, annually to its clients, including the Fund.

The Fund records amounts PGT allocates as investment income or loss and adjusts the carrying value of due from PGT in the same amount.

9. Grant from Ministry of Justice and Attorney General

The grant from the Ministry of Justice and Attorney General reflects funding for victims' programs to manage and pay for certain programs.

10. Deferred Revenue – Federal Proceeds of Crime

	Beginning Balance	Amount Received	Amount Recognized	Ending Balance
Monies for police operations directed at organized crime	$ 673,789	$ -	$ 673,789	$ -
Monies for public education and crime prevention	208,436	-	208,436	-
	$ 882,225	$ -	$ 882,225	$ -

Proceeds of Crime transfers from the Federal Government are housed in the Victims' Fund. These funds are to be used for police operations directed at organized crime and police-based crime prevention activities, at the discretion of the Saskatchewan Proceeds of Crime Management Committee established jointly by the Ministries of Justice and Attorney General and Corrections, Public Safety and Policing. In 2011-12, the committee approved funding of $80,000 which will be paid upon receipt from the agency of invoices detailing the approved expenses.

11. Commitments

The Fund is committed to provide in 2012-13 the following victim services programs throughout the Province.

	2012-13
Police-based programs	$ 2,550,692
Specialized programs	219,792
Domestic Violence programs	633,184
Children Exposed to Violence programs	565,000
Aboriginal Family Violence programs	495,501
Missing Persons Liaison programs	162,763
Total contractual commitments	$ 4,626,932

The Fund also pays the Crime Prevention Grants to various organizations to help provide crime prevention programs throughout the Province. The Fund is committed to provide crime prevention grants amounting to $256,000 for each of next three fiscal years.

12. Budget

These amounts are included in the budget submitted to Treasury Board for approval. Treasury Board approves the Fund's budget annually.

Personal Services

Listed are individuals who received payments for salaries, wages, honorariums, etc. which total $50,000 or more.

Goulet, Melvina	$	80,157
Hala, Kim		65,450
Hassard, Sharon		58,693
Lawrence, Dwight		102,387
McKendrick, Rod		81,417
Sanderson, Garry		60,095
Selinger, Murray		76,075
Thiele, Patrick		114,780

Transfers

Listed are transfers to recipients who received $50,000 or more.

Athabasca Health Authority Inc.	$	83,493
Battlefords Victim Services Inc.		191,840
Buffalo Friendship Centre		51,340
Buffalo Regional Victim Services Inc.		155,928
Catholic Family Services of Prince Albert Inc.		81,057
Catholic Family Services of The Battlefords Inc.		88,482
Churchill River Regional Victim Services Inc.		156,991
Circle Project Association Inc.		92,595
Envision Counselling and Support Centre Inc		51,945
Family Service Regina Inc.		354,794
Family Service of Saskatoon		249,808
Indian & Metis Friendship Centre Inc. Prince Albert		57,352
Kanaweyimik Child and Family Services Inc.		76,947
Mamawetan Churchill River Region		50,324
Midwest Victim Services		55,180
Ministry of Finance-Ministry of Information Technology Office		146,249
Moose Jaw Police Service		74,566
Moose Jaw Transition House Inc.		59,826
Northeast Regional Victim Services Inc.		191,842
Northern Region Victim Services		152,332
Northwest Regional Victim Services Inc.		80,904
P.A. Outreach Program Inc.		121,900
Parkland Victims Services Inc.		189,396
Prince Albert Police Service		157,285
Prince Albert Regional Victim Services Inc.		131,444
Rainbow Youth Centre		102,900
Regina Police Service		277,924
Regina Region Victim Services Inc.		145,100
Regina Women's Community Ctr & Sexual Assault Line Inc.		74,277
Saskatoon Indian & Metis Friendship Centre Inc.		124,476
Saskatoon Police Service		244,060
Saskatoon Sexual Assault & Information Centre Inc.		84,760
Society for the Involvement of Good Neighbours Inc.		61,021
South West Victim Services Inc.		108,193
Southeast Regional Victim Services Inc.		110,014
STC Urban First Nations Services Inc.		71,800
Street Worker's Advocacy Project		57,294
Young Women's Christian Association of Regina		84,829

Supplier Payments

Listed are payees who received more than $50,000 for the provision of goods and services.

Nil